

STATE SENATOR • MARK SCHAUER • 19TH DISTRICT

Schauer Press Release



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SCHAUER CALLS FOR QUICK END TO “SUTA DUMPING” IN MICHIGAN

LANSING – Senator Mark Schauer (D-Calhoun, Jackson Counties) will reintroduce legislation to protect the state’s unemployment trust fund and called upon Senate Majority Leader Ken Sikkema to take up legislation in January to end the practice of “SUTA dumping”. Schauer, vice-chair of the Senate Commerce Committee, introduced Senate Bill 1480 in November of 2004 as part of a bipartisan package to address the problem.

“SUTA dumping” is an illegal tax evasion scheme that manipulates an employer’s Unemployment Insurance (UI) tax base to pay an artificially low rate. Schauer estimates that SUTA dumping costs the state’s UI system up to \$95 million annually, and the amount is growing.

“The State Employment Tax Act (SUTA) bases UI tax rates on an employer’s layoff history,” said Sen. Schauer. “SUTA dumpers hide their history, forcing other employers to pay more, and endangering the fund that pays out UI benefits to laid-off workers.”

Because of SUTA dumping, Michigan was unable to cut UI taxes by 10% this year. SUTA dumping is a national problem, and the federal government requires all states to pass laws prohibiting these tax cheating schemes.

“Acting quickly will protect businesses and workers, since UI taxes are paid in the first three months of 2005,” said Sen. Schauer. “Stopping SUTA dumping should be a bipartisan priority when the Legislature reconvenes in January. Failure to act quickly puts employers, workers and their families at risk.”

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Schauer is the Senate Democratic Floor Leader. He represents the 19th Senate District, which includes all of Calhoun County and most of Jackson County.